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FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Responsibility of the United Nations Office for Project Services in personnel matters

Report of the Executive Director

I. BACKGROUND

1. The present report, which has been prepared in response to Executive Board decision 99/12 of 22 June 1999, outlines in detail the responsibility of the United Nations Office for Project Services (UNOPS) in personnel matters, with a view to obtaining a decision at the current session on the delegation of authority in the areas of personnel.

2. In accordance with the provisions of Executive Board decision 95/1 of 10 January 1995, the report has been reviewed and cleared by the Management Coordination Committee (MCC).

3. As requested by the Executive Board in its decision 99/12, the report has been prepared in collaboration with the Administrator and in consultation with all interested parties on all relevant legal, budgetary, staff and policy implications. In particular, UNOPS has consulted the Office of Legal Affairs of the United Nations Secretariat, the Under-Secretary-General of the Department of Management, the UNDP/UNFPA/UNOPS Staff Council and the UNOPS Staff Management Forum. In preparing the present report, UNOPS has also taken into account feedback received from UNOPS clients who have a vested interest in the UNOPS personnel regime by virtue of the nature of services rendered to them.

4. As referred to in paragraph 55 of the annual report of the Executive Director (DP/1999/22), UNOPS seeks to implement Executive Board decision 94/32 of 10 October 1994, in which the Board took note of the reports of the Executive Director contained in documents DP/1994/62 and DP/1994/62/Add.1-3, and by which

the Administrator and the Executive Director were authorized to proceed further with the implementation of decision 94/12, thereby establishing UNOPS as a separate and identifiable entity. In paragraph 50 of document DP/1994/62, which was prepared pursuant to decision 94/12, the Executive Director outlined the basic framework for the personnel arrangements of UNOPS, providing that authority in all personnel matters, except for that retained by the Secretary-General, or, with respect to current staff holding UNDP letters of appointment, by the UNDP Administrator, should be vested in the Executive Director.

5. A number of principles under which UNOPS would operate as of 1 January 1995 were listed in document DP/1994/62, e.g.: paragraph 2 (c), "[UNOPS] shall undertake implementation activities for UNDP, other United Nations operational entities, and others who wish to utilize its services"; paragraph 2 (d), "[UNOPS] shall employ operational modalities that enhance its effectiveness and responsiveness to the needs of its clients". Building on these principles, it was stated in paragraph 50 of document DP/1994/62 that the Executive Director "shall establish procedures and create such management tools as may be required to discharge his responsibility, and to ensure the cost-effective and business-like operation of UNOPS". Furthermore, in paragraph 71 of the same report, it was brought to the attention of the Board that additional proposals intended to further the ability of UNOPS to respond to evolving client needs would be submitted for approval in due course. The Executive Director, therefore, hereby seeks from the Executive Board an endorsement of his request that the delegation of authority in personnel matters be issued by the Secretary-General to UNOPS, including, inter alia, the authority for UNOPS to issue its own letters of appointment.

II. OBJECTIVES

6. The report of the Executive Director contained in document DP/1994/62 referred to above was prepared in collaboration with the Administrator. The operational modalities for personnel matters, described in paragraphs 48-71 of the report, were developed by a joint UNDP/UNOPS working group on personnel matters. In developing those modalities, the working group adopted the following principles:

(a) The need to establish and maintain an effective policy and procedural framework within which UNOPS manages and administers its human resources;

(b) The need to preserve the contractual status, acquired rights, and entitlements of staff holding UNDP letters of appointment;

(c) The need to define, implement and maintain recruitment procedures and administration arrangements applicable to UNOPS personnel hired after 1 January 1995;

(d) The need to identify personnel measures that enable UNOPS to function in an effective, business-like and responsive manner.

The above principles remain applicable.

7. In preparation of document DP/1994/62, the joint working group focused mainly on personnel financed from the administrative budget. Nevertheless, in paragraph 70 of the report, reference was made to the responsibility of the Executive Director in the area of project personnel, including the authority to recruit, administer and separate project personnel at all levels in accordance with the United Nations Staff Regulations and Rules. The report specified that the Executive Director would exercise that authority, remaining, initially, within the framework of the applicable UNDP policies.

8. As communicated to the Executive Board in paragraphs 5 and 6 of the report of the Executive Director contained in document DP/1999/22, and as illustrated in figure 2 of the same report, UNOPS has become increasingly successful in diversifying its client base. The Board has welcomed the continued progress made in this regard in its decision 99/12 of 22 June 1999. Among its new clients, the Office of the High Commissioner for Human Rights (OHCHR) in particular has been a major user of personnel-related services, with UNOPS responsible for appointing, administering and separating staff employed under OHCHR programmes. Similarly, UNOPS has undertaken personnel-related tasks, on an ad hoc basis, for the Department of Political Affairs (DPA) of the United Nations Secretariat. UNOPS continues to provide these services in accordance with the Staff Regulations and Rules, and within the framework of the United Nations common system. However, the appropriate personnel policies and associated procedures may at times be different from those applicable to UNDP.

9. In keeping with the trend of an increasing portfolio acquisition from clients other than UNDP, combined with a decrease in projects funded from UNDP core resources, the number of project personnel employed under projects funded from sources other than UNDP has been steadily increasing, particularly over the period 1997-1999. In 1997, approximately 6 per cent of all international project staff were charged to non-UNDP resources. In 1998, the number of international staff recruited under non-UNDP financed projects increased to 22 per cent of the total. This trend continues with, for the first trimester of 1999, 28 per cent of all newly recruited international staff charged to projects financed from sources other than UNDP.

10. In presenting the present report to the Executive Board, the Executive Director wishes to place emphasis on the need for him to exercise his authority in personnel matters, particularly when it concerns project personnel. While the provisions noted in document DP/1994/62 continue to be applicable to personnel financed from the administrative budget, there is, on the basis of four years of experience during which there has been an increasing diversification in the UNOPS client base, an emerging need to focus on all categories of personnel. UNOPS acknowledges that current arrangements may continue to be adequate in the case of personnel with unrestricted UNDP appointments financed from the administrative budget; however, those arrangements clearly fall short in the case of project-related personnel activities, at times seriously hampering the ability of UNOPS to deliver its services effectively. Consequently, the purpose of obtaining the delegation of authority in personnel matters is to entrust the Executive Director with the authority, and corresponding accountability, to establish policies and procedures, primarily to remain responsive to client needs, bearing in mind that

an increasingly diversified client base requires a broad spectrum of management tools.

III. DETAILS OF THE DELEGATION OF AUTHORITY

11. The delegation of authority will cover the administration of the United Nations Staff Regulations and Rules in respect of UNOPS staff members. As already indicated in paragraph 56 of document DP/1999/22, the delegation will formalize many functions already carried out by UNOPS, allocating the authority and accountability directly to the Executive Director. The delegation will include formal authority to issue UNOPS letters of appointments, which is increasingly important in the environment of a diversified client base.

12. More specifically, the delegation will provide the Executive Director with the authority, under the United Nations Staff Regulations and Rules, to:

(a) Appoint, promote and terminate appointments of staff members;

(b) Determine entitlements to allowances and benefits in accordance with the Staff Regulations, Rules and related directives within the discretionary authority envisaged by the Staff Rules;

(c) Impose disciplinary measures in accordance with chapter X of the Staff Rules;

(d) Review administrative decisions that may be requested by staff members under Staff Rule 111.2 (a);[1]

(e) Approve exceptions to the Staff Rules, subject to the conditions of Staff Rule 112.2 (b).[2]

13. In keeping with standard practice applied to the existing delegations of authority in personnel matters, issued by the Secretary-General, the delegation will not include the authority to:

(a) Award compensation in the event of death, injury or illness attributable to performance of official duties as provided for under Staff Rule 106.4 and appendix D to the Staff Rules;

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[1] Staff Rule 111.2 (a) outlines the process to be followed should a staff member wish to appeal an administrative decision, pursuant to Staff Regulation 11.1.

[2] Staff Rule 112.2 (b) allows for exceptions to the Staff Rules to be made, provided that such exception is not inconsistent with the Staff Regulations or decisions of the General Assembly, and provided that it is agreed to by the affected staff member and it is not prejudicial to the interest of any other staff member or group of staff members.

(b) Interpret the Staff Regulations and Rules in cases involving issues that are likely to conflict with general policy within the United Nations common system;

(c) Take final decision on appeals under Staff Rule 111.2 (b).

14. In a legal opinion issued by the Office of Legal Affairs on 28 March 1998, it was confirmed that, pursuant to the report of the Executive Director contained in document DP/1994/62 and to Executive Board decision 94/32 of 10 October 1994, it would be possible for the Secretary-General to grant a delegation of authority in personnel matters to the Executive Director. Subsequently, following further consultations with the Office of Legal Affairs, and in anticipation of the endorsement by the Executive Board of the request of the Executive Director that the delegation of authority be issued by the Secretary-General, the Office of Legal Affairs forwarded on 22 June 1999, a draft letter of delegation from the Secretary-General to the Executive Director. A copy of this draft delegation is contained in the annex to the present report.

IV. IMPLICATIONS OF THE DELEGATION

A. Legal implications

15. The legal implications of any delegation of authority fall within two general categories: (a) the legislative process for obtaining the delegation; and (b) institutional accountability for application of the Staff Regulations and Rules.

1. The legislative process

16. As noted in paragraph 14 above, in its legal opinion issued on 28 March 1998, the Office of Legal Affairs confirmed that, pursuant to the report of the Executive Director contained in document DP/1994/62 and to Executive Board decision 94/32 of 10 October 1994, it would be possible for the Secretary-General to grant a delegation of authority to the Executive Director of UNOPS. The Office of Legal Affairs recommended that the Executive Board and the Administrator be consulted regarding arrangements for the implementation of the delegation. The Office of Legal Affairs further advised that the endorsement of the Executive Board would be required for the authority to issue letters of appointment since such authority was not expressly provided for in document DP/1994/62. The Office of Legal Affairs has informed UNOPS that any such delegation from the Secretary-General would supersede prior arrangements. Paragraph 32 of the UNDP/UNOPS Memorandum of Understanding dated 3 April 1997 would be amended accordingly.

2. Institutional accountability

17. The legal implications relating to institutional accountability are an important part of the justification for seeking a delegation of authority directly from the Secretary-General. In the absence of any such delegation to

the Executive Director, the Administrator will remain accountable for the application of United Nations Staff Regulations and Rules to all personnel assigned, appointed, seconded or loaned to UNOPS, even where UNDP has no direct role, either as a funding source or otherwise.

18. In his report contained in document DP/1994/62, the Executive Director focused primarily on personnel financed from the administrative budget. However, as indicated under paragraphs 70-71 of the same report, it was already clearly envisaged at that time that additional arrangements would be required in the future to enable the Executive Director to respond to evolving client needs. Especially where it pertains to appointments of project staff under the provision of service agreements with clients other than UNDP, it is essential for UNOPS, as an executing entity and provider of services, to have access to proper contracting tools, including those to hire individual personnel, with the authority and accountability resting solely with the Executive Director.

19. To ensure that the Executive Director is vested with the proper authority and to avoid imposing upon UNDP accountability where it has no direct responsibility, a delegation from the Secretary-General was considered appropriate and confirmed as such by the Office of Legal Affairs in its opinion of 28 March 1998. The legality of a limited sub-delegation by the Administrator of the authority of the Secretary-General, as originally contemplated under paragraph 50 of document DP/1994/62, would fall short of a single, comprehensive system of authority and accountability whereby the Executive Director is directly responsible and accountable for all personnel actions, including those with regard to project personnel.

B. Budgetary implications

20. Any budgetary implications either of activities undertaken directly by UNOPS or services provided to UNOPS by others but paid for by UNOPS will be provided for by UNOPS in the preparation of its regular budget and review. It is expected that the responsibility for exercising this authority will be accommodated within existing UNOPS resources. Additional resources that may be allocated to this administrative responsibility in the future will be provided in keeping with the principle of self-financing and will be directly linked to an increase in business activities.

21. It is not anticipated that the delegation of authority will affect the level of central services currently provided by UNDP. It must be noted, however, that the nature and extent of central services may be subject to periodic negotiation, to reflect possible changes in workflow resulting from factors such as the implementation of the Integrated Management Information System (IMIS) or other systemic changes.

C. Staff implications

22. No staff assigned to UNOPS will be affected by the delegation of authority. As provided for in the report of the Executive Director contained in document DP/1994/62, staff holding UNDP appointments that are not limited to UNOPS will

continue to hold the same letters of appointment. Staff holding UNDP letters of appointment that are limited to service with UNOPS, will, at the time of renewal of their appointment, be issued with UNOPS letters of appointment. The direct accountability of UNOPS under a delegation of authority is expected to streamline personnel administration for all UNOPS staff, whether funded from the administrative or project budget, by providing access to the levels of authority appropriate to their needs. Any potential confusion and delay that may exist as a result of the current interdependency between UNDP and UNOPS regarding the responsibility for the administration of the United Nations Staff Regulations and Rules will be eliminated.

23. Existing arrangements for staff representation shall remain, including the Staff Management Forum and participation in the UNDP/UNFPA/UNOPS Staff Council. All UNOPS personnel will enjoy staff representation from a unified position under the authority of a single source. Greater clarity in accountability will thus enhance the access of staff and their representatives to the levels of authority appropriate to their needs.

D. Policy implications

24. In his report contained in document DP/1994/62, the Executive Director has already established the framework for addressing many of the policy implications of a delegation of authority. It is within this framework that new arrangements under a delegation of authority will be operationalized in order to support UNOPS activities as a separate and identifiable entity. There will be a corresponding need for operational policies to implement the delegation of authority effectively.

25. UNOPS has developed policies to implement its current personnel responsibility derived from UNDP in such matters as appointment and promotion procedures, investigation of misconduct and administrative claims. While continuing to work within the framework of the United Nations common system, UNOPS will assign the responsibility for adapting and augmenting these operational policies to a personnel policy specialist in the UNOPS Human Resources Management Section, with support provided by the Policy and Contracts Division. For this purpose, UNOPS participates in the Consultative Committee on Administrative Questions-Personnel and General Administrative Questions (CCAQ-PER), the United Nations Common Services Task Force and the United Nations Development Group, as well as in the International Civil Service Commission.

26. As already stated in paragraph 55 of document DP/1994/62, any authority required by UNDP to perform agreed services shall be entrusted to UNDP by the Executive Director.

V. SUMMARY

27. As demonstrated in document DP/1999/22, UNOPS has been able to survive and grow, as a self-financing entity, within the framework of the United Nations, living up to the goals established by the Executive Board at the time of its creation in 1995. Much of UNOPS success is derived from its ability to develop

tools and business practices that allow it to remain responsive, efficient and cost-effective in the provision of its services. Since approximately one third of the volume of services relates to the hiring of individuals, either as independent contractors or as staff members, it is essential for UNOPS to be able to develop a dedicated personnel regime, involving changes to the current arrangements, as recognized by the Executive Board in its decision 99/12 of 22 June 1999.

28. It is anticipated that the proposed dedicated personnel regime, established within the framework of the United Nations system, would provide for a single, comprehensive system of personnel authority and accountability, covering all categories of personnel. The present report contains the legislative and institutional grounds on which the personnel regime would be based, as well as the operational modalities under which the Executive Director would exercise his authority in personnel matters.

29. In keeping with the trend set by UNOPS in diversifying its client base, with the corresponding need to be innovative in responding to evolving client needs, UNOPS will continue to seek enhancements in the administration of its personnel. Any additional proposals intended to further improve UNOPS ability in this area will continue to be submitted to the Executive Board for review and endorsement, as appropriate.

VI. EXECUTIVE BOARD ACTION

30. The Executive Board may wish to:

1. Take note of the report of the Executive Director on the responsibility of the United Nations Office for Project Services in personnel matters (DP/1999/38);

2. Endorse the request by the Executive Director that a delegation of authority in the area of personnel be issued by the Secretary-General, including the authority for UNOPS to issue its own letters of appointment.

Annex

DRAFT

Delegation of authority to the UNOPS Executive Director

WHEREAS, Personnel Directive PD/2/65/Add.1 of 14 February 1966 sets out the authority in the field of personnel of the United Nations Development Programme (UNDP) which was delegated by the Secretary-General to the UNDP Administrator and indicates, inter alia, that:

"(a) He [Administrator] appoints, promotes and terminates his staff, provided that staff on secondment from the United Nations may be promoted only for the period of their secondment and terminated only in agreement with the United Nations;

"(b) He determines their entitlement to allowances and benefits in accordance with the staff regulations, staff rules and related directives;

"(c) He grants certain benefits through the exercise of discretionary authority as envisaged by the rules, provided such decisions are in conformity with the general policy applied by the United Nations"

"This delegation of authority excludes:

"(a) Award of compensation in the even of death, injury or illness attributable to the performance of official duties (Rule 106.4 and Appendix D to the Staff Rules);

"(b) Disciplinary measures and appeals involving recourse to the joint advisory bodies established under Rules 110.1 and 111.1;

"(c) Interpretation of the staff regulations and rules in cases involving issues of general policy;

"(d) Exceptions to the staff rules (Rule 112.2)"

WHEREAS, the General Assembly, in the Annex to its resolution 2688 (XXV) of 11 December 1970 provided that:

"the Administrator should continue to have the authority to appoint and administer the staff of the Programme. For this purpose, he should have authority, in consultation with the Secretary-General, to frame such staff rules, consistent with the principles laid down by the General Assembly, as he considers necessary to meet the special problems which arise in the service of the Programme." (Para. 61 of the Annex);

WHEREAS, by a memorandum of 11 October 1971, the Secretary-General revised the delegation to the Administrator set out in PD/2/65/Add.1, so as to, inter alia, delete the exceptions (b) and (d) set out in PD/2/65/Add.1;

WHEREAS, the Secretary-General, by his Note to the UNDP Executive Board (DP/1994/52) of 6 June 1994, proposed:

> "to establish the Office for Project Services as a separate entity headed by an Assistant Secretary-General as the responsible manager under the authority of the Secretary-General. He/she would be responsible and accountable for the day-to-day management of the Office. The Executive Director would report on the activities of OPS to the UNDP Executive Board." (Para. 6);

WHEREAS, the Secretary-General indicated in DP/1994/52 that the overriding objective of his proposal on the Office of Project Services (OPS) was "the elimination of the conflict inherent in UNDP exercising coordination responsibility in relation to the operational activities of the system while retaining, through UNOPS, its own implementation capability" (para. 1) and that "[a]dministrative support for OPS would continue to be provided by UNDP, as a reimbursable service. The existing financial and personnel regime would be maintained." (Para. 10);

WHEREAS, the UNDP Executive Board, by its decision 94/12 of 9 June 1994:

> "Recommend[ed] to the General Assembly that ... the Office for Project Services should become a separate and identifiable entity in a form that does not create a new agency and in partnership with the United Nations Development Programme and other operational entities, whose administrative support, including that relating to financial and personnel matters, will continue to be provided by UNDP and that the Office should continue to work through the UNDP field network" (para. 5);

WHEREAS, the Executive Board, in that decision, requested the Executive Director, in collaboration with the Administrator and subject to the approval by the General Assembly of the recommendation in paragraph 5 of decision 94/12, to present proposals to the Board on ways of establishing UNOPS as a separate and identifiable entity, including proposals concerning "[t]he responsibility of the Office for Project Services in personnel matters" (para. 10 (e));

WHEREAS, the Economic and Social Council, by its decision 1994/284 of 26 July 1994, endorsed the Executive Board decision 94/12 and recommended to the General Assembly to approve the manner of establishment of UNOPS set out in that decision;

WHEREAS, the UNOPS Executive Director, in response to the request of the Executive Board in its decision 94/12, submitted a report to the Executive Board (DP/1994/62) dated 16 August 1994, containing proposals on the responsibility of UNOPS in, inter alia, its personnel matters;

WHEREAS, the Executive Director, in that report, proposed that:

"Authority in all personnel matters, with corresponding accountability, except for that retained by the Secretary-General, or, with respect to current staff holding UNDP letters of appointment, by the UNDP Administrator, shall be vested in the Executive Director through appropriate delegation of authority from the Administrator upon request by the Secretary-General. In line with this delegation, the Executive Director shall establish procedures and create such management tools as may be required to discharge his responsibility, and to ensure the cost-effective and business-like operation of UNOPS, mindful of the need to maintain the best possible working conditions for UNOPS staff" (para. 50);

WHEREAS, the General Assembly, by its decision 48/501 of 19 September 1994, decided that UNOPS "should become a separate and identifiable entity in accordance with the United Nations Development Programme Executive Board decision 94/12 of 9 June 1994";

WHEREAS, the Executive Board, by its decision 94/32 of 10 October 1994, took note of the report of the Executive Director (DP/1994/62 and Add. 1-3) and:

"authorize[d] the Administrator and the Executive Director to proceed further with the implementation of decision 94/12, to this end taking all steps necessary to establish a self-financing United Nations Office for Project Services that will become a separate and identifiable entity as of 1 January 1995." (Para. 3);

WHEREAS, the Advisory Committee on Administrative and Budgetary Questions (ACABQ), in its reports to the Executive Board (DP/1995/45) of 5 September 1995 and DP/1996/38 of 6 August 1996, indicated that:

"... The Committee points out that UNOPS should receive the best value for money for the administrative services provided by UNDP or, without duplicating existing infrastructures, UNOPS should explore the possibility of setting up in-house services for those that could be rendered in a more economical manner." (Para. 13);

WHEREAS, on 3 April 1997, UNDP and UNOPS executed a Memorandum of Understanding (MOU) to "establish the terms of the UNDP and UNOPS partnership with the aim of promoting their respective goals, including UNDP's mission and achieving the development objectives of the programme countries served by UNDP and UNOPS." (Para. 1);

WHEREAS, the MOU provides that:

"In respect of personnel matters the Administrator of UNDP shall delegate the necessary authorities to the Executive Director of UNOPS, pursuant to the provisions of paragraph 50 of DP/1994/62 as may be relevant to carrying out its purposes. The Executive Director shall be accountable to the Administrator for the exercise of such authority." (Para. 20);

WHEREAS, the UNOPS Executive Director, in his annual report to the Executive Board on the activities of UNOPS (DP/1999/2 and Add.1), requested the UNDP Executive Board to:

> "Endorse the issuance by the Secretary-General of a broad delegation of authority in the area of personnel, in accordance with Executive Board decision 94/32 of 10 October 1994, including the authority for UNOPS to issue letters of appointment." (Para. 65 (b));

WHEREAS, the Executive Board, by its decision 99/12,

> "5. Request[ed] the Executive Director of the United Nations Office for Project Services, in collaboration with the Administrator and in consultation with all interested parties on all relevant legal, budgetary, staff and policy implications, to present at the third regular session 1999 a detailed proposal on the responsibility of the Office in personnel matters, as envisioned in decisions 94/12 of 9 June 1994 and 94/32 of 10 October 1994 on the delegation of authority in the areas of personnel, with a view to taking a decision at that session";

WHEREAS, the Executive Director, in response to paragraph 5 of Executive Board decision 99/12, submitted a report [the document symbol] to the Board;

WHEREAS, that report [the document symbol] sets out [the "detailed proposal"...];

WHEREAS, [if and when the above-stated report is taken note of by the Executive Board, a reference could be made to such a decision];

NOW, THEREFORE, the Secretary-General rescinds the authority which has been delegated to the UNDP Administrator to administer the Staff Regulations and Rules in respect of UNOPS staff, and delegates that authority to the UNOPS Executive Director, as follows:

The Executive Director has authority to:

(a) Appoint, promote and terminate appointment of staff members;

(b) Issue UNOPS Letters of Appointment;

(c) Determine the entitlements of staff members to allowances and benefits in accordance with staff regulations, rules and related directives within the discretionary authority envisaged by the staff rules;

(d) Impose disciplinary measures in accordance with Chapter X of the Staff Rules;

(e) Review administrative decisions that may be requested by staff members under

staff rule 111.2 (a) and

(f) Approve of exceptions to the Staff Rules, subject to the conditions of Staff Rule 112.2 (b).

This delegation does not include authority to:

(a) Award compensation on the event of death, injury or illness attributable to the performance of official duties as provided for under rule 105.4 and Appendix D to staff rules;

(b) Interpret the Staff Regulations or Rules in cases involving issues that are likely to conflict with general policy within the common United Nations system; or

(c) Take a final decision on appeals under Staff Rule 111.2 (p).

Authority in matters which are not expressly delegated to the Executive Director shall be retained by the Secretary-General.

The Executive Director shall be accountable to the Secretary-General for the exercise of the delegated authority set out above.

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FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS
UNOPS BUDGET ESTIMATES FOR THE BIENNIUM 2000-2001

Revised budget estimates for the biennium 1998-1999 and budget estimates for the biennium 2000-2001

Report of the Executive Director

Summary

The revised budget estimates for the biennium 1998-1999 and budget estimates for the biennium 2000-2001 for the United Nations Office for Project Services (UNOPS) are contained in the present document. They have been reviewed and approved by the Management Coordination Committee and submitted to the Advisory Committee for Administrative and Budgetary Questions.

The revised budget for the biennium 1998-1999 proposes a decrease from $89.6 million to $88.5 million for recurring activities and an increase from $11.4 million to $14.0 million for extraordinary, non-recurring activities.

The budget estimates for the biennium 2000-2001 include a total of $110.9 million for recurring activities and $2.9 million for non-recurring activities.

These budget revisions and proposals continue to reflect the distinction. between recurring and non-recurring expenditures established in Executive Board decision 98/20 of 21 September 1998.

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I. INTRODUCTION

1. The present document contains the revised budget for the biennium 1998-1999 and the budget estimates for the biennium 2000-2001 for the United Nations Office of Project Services (UNOPS), which are submitted in accordance with Executive Board decision 94/32 of 10 October 1994.

2. Pursuant to UNOPS Financial Regulations 6.3 and 6.4, the present budget estimates are being submitted through, and have been approved by, the Management Coordination Committee (MCC), and have been transmitted to the Advisory Committee on Administrative and Budgetary Questions (ACABQ).

3. The Executive Director is pleased to report that in 1998 UNOPS again operated in accordance with the self-financing principle, allowing UNOPS to bring the operational reserve at the end of 1998 to above its currently approved level. The UNOPS operational reserve was established at the level of 4 per cent of the combined expenditure on administrative and project budgets of the prior year by the Executive Board in its decision 97/21 of 18 September 1997.

4. The revised budget estimates for the biennium 1998-1999 together with the new budget estimates for the biennium 2000-2001 contained in the present document are based on the expectation that UNOPS will continue to operate in accordance with the self-financing principle for recurring expenditures and that extraordinary, non-recurring expenditures will be funded by the UNOPS operational reserve if income generated during 1999 or the biennium 2000-2001 is insufficient. This is in accordance with the UNOPS financial model noted by the Executive Board in its decision 95/31 of 15 September 1995 and with UNOPS Financial Regulation 8.3, which establishes that shortfalls in income are elements to be compensated for and covered by the UNOPS operational reserve.

II. REVISED PROJECTIONS OF INCOME AND ESTIMATED BUDGET EXPENDITURES FOR THE BIENNIUM 1998-1999

5. UNOPS is basing its revised estimates for the biennium 1998-1999 on the actual delivery and income performance of 1998 and on the projections of operations divisions as put forward in the business planning process for 1999. In planning for project delivery and income, account has been taken of the estimated impact on overall UNOPS performance resulting from the implementation of the relocation project as well as the systems projects for the implementation of the Integrated Management Information System (IMIS) and upgrades to meet the requirements for Y2K, described in paragraphs 25-29 below.

6. Funds committed by UNOPS clients for the implementation of projects by UNOPS, referred to as the "project portfolio", amounted to $1.1 billion in mid-1999. In addition, UNOPS is administering loans on behalf of the International Fund for Agricultural Development (IFAD), referred to as "services only", in the amount of $2 billion, bringing the current overall value of the development and other funds for which UNOPS assumes responsibility to $3.1 billion. The projections for services delivery and the

associated income also take account of the special factors referred to in paragraph 5 above.

A. Income

7. The total income to be earned in the 1998-1999 biennium was projected in document DP/1998/35 at $90.8 million; it was on this basis that the administrative budget was established. The revised income projections are $101.1 million, based on the 1998 actual performance and the 1999 business plan. This new projection reflects an increase in expected income of $10.3 million or 11 per cent, which is consistent with another year of major increases in portfolio acquisitions in 1998 and with a similar trend in acquisitions at mid-year 1999. An overview of income performance for the biennium 1998-1999 together with projections for 2000-2001 are provided in table 1. Further analysis and comments on the different components of UNOPS income are included in paragraphs 8-12 below.

1. Income from project implementation

8. In 1998, actual project delivery totalled $537.8 million, which generated an income of $43.5 million. These figures correspond to 98 per cent and 114 per cent respectively of the revised targets for project delivery and for income. In the revised estimates for the biennium 1998-1999, total project delivery is projected at $1 088 million, which corresponds to an increase of 22 per cent over the total achieved in the biennium 1996-1997. The revised income projection for the biennium is $86.4 million, an increase of 29 per cent over the achievement of 1996-1997. The rate of income as a proportion of project delivery remains very close to that achieved during the biennium 1996-1997.

9. Remaining mindful of decisions and recommendations of the Executive Board and ACABQ as to the need to diversify its portfolio, the Executive Director has taken a number of measures, including the establishment of a new division (see paragraphs 18-19) and the appointment of a Business Development Coordinator. He is now able to report that acquisitions of new projects funded by United Nations sources other than the United Nations Development Programme (UNDP) increased from $56 million in 1997 to $67 million in 1998 (an increase of 20 per cent). In 1998, there was also a significant expansion in the services provided by UNOPS to nationally executed projects, both for UNDP and for other United Nations clients, from $48 million in 1997 to $120 million. The Executive Director is pleased to report that income from projects carried out on behalf of non-traditional clients from the United Nations system rose from $0.3 million in 1997 to $1.7 million in 1998 and to confirm that efforts to sustain and develop these activities will continue.

2. Income from services only activities

10. Another area in which UNOPS has broadened its role is the provision of services in support of project execution and contracting carried out by other parties. To date, this continues to be reflected in the provision of loan administration and project supervision services for IFAD. In 1998, these services generated $4.1 million in income and a forecast of $5.6 million in

1999 gives a projected total for the biennium 1998-1999 of $9.7 million, an increase of 41 per cent over the 1996-1997 biennium. The projected expansion in 1999 of this area of activities, primarily but not exclusively on behalf of IFAD, reflects UNOPS continuing efforts to expand its range of clients and services.

3. Other income

11. UNOPS income also includes minor additional elements - primarily interest income from operating and reserve balances and from other sundry and occasional sources. In addition to these sources of income in 1998, there was income of $1.0 million relating to the cancellation of obligations for the biennium 1996-1997. Further to a discussion with representatives from the Board of Auditors and from ACABQ, the host government contributions towards costs incurred for the relocation of offices to Copenhagen have been included under this category while the associated costs are included under administrative expenditures. This is reflected in table 1 for the current biennium.

12. In 1999, other income, including contributions received from the Government of Denmark, is forecast to total $2.6 million giving a total for the biennium 1998-1999 of 5.0 million. The majority of this income is derived from interest earned on the operating and reserve balances maintained by UNOPS and managed on behalf of UNOPS by the UNDP Treasury. The projected total anticipates that contributions under the Danish grant will again cover related expenditures and that the projected income and expenditure, which is reflected in table 1, will total $0.7 million. It is not currently anticipated that this contribution and expenditure will run into the biennium 2000-2001.

B. Administrative expenditures

13. The approved budget for total administrative expenditures for UNOPS for the biennium 1998-1999 is $101 million; this latest revision, based on the actual expenditures for 1998 and revised projections for 1999, totals $102.6 million, an overall increase of $1.6 million or under 2 per cent. This total can be broken down into the two categories of recurring and non-recurring expenditures proposed in document DP/1998/35, endorsed by ACABQ in document DP/1998/36, and approved by the Executive Board in its decision 98/20 of 21 September 1998. The total approved recurring administrative expenditures for the biennium 1998-1999 amount to $89.6 million. Actual recurring expenditure for 1998, including the expenditure under the Danish grant described above, totalled $40.5 million. This was $3.1 million lower than the approved budget. The approved non-recurring administrative expenditures for 1998 totalled $3.0 million while actual expenditure in 1998 under this heading amounted to $1.5 million, half of what was projected. The latest forecast for 1999, based on the divisional business plans, includes a total of $48.1 million for recurring expenditures and $12.6 million for non-recurring activities. This current forecast represents an increase of $2.1 million and $4.2 million respectively over the budget approved for 1999 in document DP/1998/35. These movements are described in table 2; the background to the expenditures under the non-recurring category is described in paragraphs 25 to 29.

14. The Executive Director maintains, in line with proposals and decisions referred to in paragraph 13 above, that any projected non-recurring expenditures relating to UNOPS activities not covered by the income for the year be charged to the UNOPS operational reserve. In the current biennium, these non-recurrent expenditures relate to two major projects, the relocation of the UNOPS offices in New York and the computer system implementation and upgrades associated with IMIS and Y2K. He further proposes that this approach be continued for the first year of the biennium 2000-2001 in order to conclude the major information systems projects relating to the implementation of IMIS and the Y2K system upgrades. This approach continues to reflect the important distinction between continuing expenditures and those that are occasional in nature, significant in value and not directly linked to the provision of support to projects.

1. Recurring expenditures

(a) Staffing resources

15. Salaries and common staff costs continue to be the largest component of the UNOPS administrative budget. In 1998, the total of staff-related costs, including temporary assistance, amounted to $24.1 million, an increase of $2.8 million over 1997. This increase in staff resources is derived from the business plans of the individual units, which have been designed to meet the growth in demand and business volume while maintaining responsiveness and quality. Building a delivery capacity on project services requires more personnel, comprised of staff members in the 100 and 200 series as well as under contracts for activities of limited duration (ALD) and special service agreements (SSAs). This overall expansion of staffing resources is anticipated to continue through 1999 and into the biennium 2000-2001.

16. Table 3 shows an increase of 33 established posts and 2 time-bound project posts over the previously approved staffing level. These specific time-bound projects posts are charged to the administrative budget in line with Executive Board decision 98/20 of 21 September 1998. This increase, totalling 35 posts, gives a new total of 380 established posts for UNOPS as at 1 June 1999. This is an increase of 10 per cent over the prior period while total delivery increased by 16 per cent from $614 million in 1997 to $713 million in 1998. In addition to increasing the number of established posts, UNOPS has been more active in filling positions on a timely basis and has reduced the current proportion of vacant to total posts from 25 to 19 per cent.

17. The Executive Board may recall from document DP/1996/36 that the establishment and abolition of posts in UNOPS does not have direct financial implications to Member States since there is no assessed budget funding of these posts. It is significant only in that it establishes the types and levels of people that can be recruited. UNOPS staffing remains a combination of staff against established posts and other personnel recruited under ALD or SSA contracts. The balance between these types of staff varies as specific business needs evolve. In 1999, overall UNOPS staffing costs are projected to increase by $5.7 million over 1998. This includes the establishment of new posts in line with approved divisional business plans, the full-year cost of

staff recruited during 1998, and projected salary increases and promotions for existing staff. In terms of budgeting for the establishment of new posts, UNOPS follows the policy of trying to estimate when the post will be filled and then budgeting from that effective date. The Executive Director is actively seeking to bring UNOPS staff resources into a realistic and sustainable relationship with activities identified in the UNOPS business planning process while being mindful of the need to exercise caution and to monitor expenditures and income levels continuously.

18. After extensive review within UNOPS, the Executive Director has concluded that the strategic objective of further diversification of the UNOPS client base and product range would benefit from the establishment of a dedicated division for such programmes. Accordingly, the Division for Special Programme Development (DSPD) was established on 1 June 1999 to facilitate business acquisition efforts and to spearhead the development of new products that require special attention during the incubation phase. DSPD will serve as the key operations division for developing new programmes with substantial multiregional growth potential, with particular attention to the initial phases of developing appropriate standards and of facilitating the transfer of part or all of such programmes to other divisions when appropriate. The Division will also be responsible for piloting strategic alliances with the private sector, including selective bidding under development bank projects, in collaboration with existing divisions. DSPD will also manage and further develop the UNOPS Mine Action Unit (MAU), which has been managed to date by the Chief of the Africa Division. The budget and staffing level of the UNOPS MAU is sufficient to cover all DSPD direct costs from the start.

19. The Executive Director considers it appropriate, in line with other headquarter and decentralized offices, for this new division to be headed by a Chief at the D-1 level. Pursuant to Executive Board decision 94/32 of 10 October 1994, the Executive Director hereby requests the Board to approve the establishment of the post of Chief of the Division for Special Programme Development at the D-1 level. The effect of this request is reflected in table 3.

20. UNOPS considers that the increased number of established posts and the mix of staff against established posts and under ALD or SSA contracts remains a realistic reflection of its personnel requirements and requests the Executive Board to approve the establishment of 35 additional posts at the level of P-5 and below in addition to the D-1 post described above.

(b) Decentralized offices

21. The Executive Director is pleased to report that, in line with Executive Board decision 98/20 of 21 September 1998, a decentralized UNOPS office has been successfully established within the offices of the Food and Agricultural Organization of the United Nations (FAO) in Rome. The Rome Office is currently providing loan administration services to all IFAD-funded projects managed by UNOPS world-wide and project supervision services to projects in the Middle East and North Africa. The relocation of two posts from headquarters to Rome, as approved in decision 98/20, was completed early in 1999. The recruitment of three additional staff is planned for 1999. To complete the planned

decentralization of the UNOPS division for IFAD Programmes, the Executive Director is requesting the Executive Board to approve the relocation of two additional Professional posts - those of Chief of Division and Senior Portfolio Manager for Eastern Europe - along with two General Service posts. These staff members are expected to move to Rome in the first quarter of 2000. A review to ascertain continued financial viability of this operation is anticipated towards the end of 2000.

22. The Division for Western Asia, Arab States and Europe (WAASE) has identified a portfolio of projects in Europe, currently handled by a portfolio manager stationed in New York, that can be implemented more efficiently from the Division for Rehabilitation and Social Sustainability (RESS), located in the UNOPS Geneva Office. The greater proximity and quicker access to programme countries provided by the Geneva Office allows closer follow-up and monitoring. The portfolio would initially include regional projects located in Bratislava and Slovakia as well as country projects implemented by WAASE in Albania, Armenia and the Republic of Moldova. The Executive Director wishes to relocate the post of portfolio manager from New York to Geneva and is hereby requesting approval of the Executive Board to do so. If the Board agrees, the WAASE portfolio manager would move to Geneva by the fourth quarter 1999.

(c) Reimbursements to UNDP for services provided

23. UNOPS compensates UNDP country offices for additional costs they incur while providing services to projects implemented by UNOPS. Such compensation totalled $2.9 million for 1998, an increase of 43 per cent over 1997, and is currently projected at $3.1 million for 1999. This is anticipated to give a total for the biennium 1998-1999 of $6.0 million compared to $3.8 million for the biennium 1996-1997, an increase of 58 per cent. This reflects the increasing volume of activity undertaken on behalf on UNOPS by UNDP country offices.

24. The costs of central administrative services obtained from UNDP and from the United Nations (through UNDP) are currently projected at $8.1 million for the biennium, based on the same rates used for the 1996-1997 biennium. The methods and rates for administrative service remain under review, however, since the distribution of activities and responsibilities is evolving over time. Compensation arrangements associated with the implementation of IMIS, for example, remain to be finalized. Progress is being made in identifying and assigning value to other administrative services provided to UNOPS by the United Nations; completion of this exercise is anticipated by the end of 1999. In line with the recommendations of ACABQ, the United Nations Secretariat has agreed with the organizations involved to present the proposed agreement to ACABQ prior to implementation. The current projections for 1999 and for the biennium 2000-2001 are based on the latest interim arrangements agreed upon between the organizations and the United Nations. Any changes resulting from these ongoing reviews will be provided to the Executive Board at the earliest opportunity.

2. Extraordinary expenditures

(a) Information systems projects

25. Based on the proposals put forward in the revised budget estimates for the biennium 1998-1999 (DP/1998/35), the Executive Board approved in its decision 98/20 a total of $7.4 million for implementation of the IMIS/Y2K projects. The actual expenditure in 1998 amounted to $1.4 million, while the projection for 1999 has been revised downward from $4.3 million to $4.0 million. The total revised estimate for the 1998-1999 biennium is, as a result, reduced to $5.4 million. Since significant project activity will continue into the year 2000, an additional amount of $2.9 million is included in the non-recurring cost category of the budget estimates to cover anticipated costs. All projected costs relating to information systems beginning in 2001 revert to the recurring cost category. The total cost of the IMIS/Y2K projects over three years is now projected to increase by 12 per cent from $7.4 million to $8.3 million.

26. The UNOPS implementation of IMIS is directly linked to the implementation schedules of the United Nations and of UNDP: UNOPS reacts to, rather than directly controls, the overall implementation timetable. Thus, the fact that the project has taken longer than anticipated is in part associated with aspects of the overall implementation process that have taken place later than had been originally planned. In addition, the late arrival of UNOPS to the implementation process reduced the number of IMIS-adept staff that UNOPS was able to recruit. This in turn required significant time and effort on the part of existing staff to acquire sufficient familiarity with IMIS to be able to ensure that UNOPS needs are met by IMIS.

27. The non-recurring budget provisions for the IMIS/Y2K projects do not include amounts associated with IMIS for compensation payable to the United Nations or to UNDP for their services in connection with information systems. It is assumed that since IMIS replaces equivalent services already included in the existing UNOPS compensation arrangements, there is at present no basis for adjusting such amounts contained in the recurrent budget category either upward or downward.

(b) Update on the headquarters relocation project

28. The approved budget for this project is $4.0 million. In 1998, $0.1 million of expenditure was incurred under this project and the revised budget for 1999 totals a further $8.5 million, giving a total for the biennium of $8.6 million, an increase of $4.6 million over the approved budget. This increase is offset in part by an additional free-rent period, negotiated by UNOPS as a further payment by the landlord to UNOPS construction costs, totalling $0.9 million. The benefit of this free rent is shown under the heading of recurring rent and maintenance costs in 1999 in table 2. Thus, the overall project increase is $3.7 million, which is made up from a number of factors further described below.

29. Cost increases in the relocation project fall into three categories (see figure below). The first category includes items in the approved budget for

which the original estimates have been found to be insufficient. The total of such increases is $0.5 million after being partially offset by the landlord payment mentioned in the preceding paragraph. The second category contains new items totalling $0.8 million that were not included in the original budget submission. The balance, totalling $2.4 million, derives from decisions that react to the timing of the relocation and further knowledge of the physical characteristics of the new office premises. The desktop computing platform will be upgraded a year ahead of schedule in order to avoid the cost and disruption of upgrades and Y2K testing that would otherwise be required. The network and audiovisual infrastructures will also be reconfigured in order to make best use of the new office space and to provide a sound technical foundation for the future.

Cost increases in the relocation project

Category/item	Amount (in million of dollars)
Increases of original estimates	
Mechanical/electrical construction	0.2
Furnishings	0.3
Subtotal	0.5
Items not included in original estimates	
Construction management fees	0.1
Lease negotiation fees	0.1
UNOPS relocation team staff costs	0.3
Cabling costs for new floors	0.5
Fee reduction negotiated from brokers	-0.3
Security system	0.1
Subtotal	0.8
Timing and physical characteristics	
Audiovisual and telecommunications equipment	0.5
High-density arcade filing	0.1
White noise system	0.1
PC upgrades	0.9
PABX telephone system	0.2
Network	0.4
Network printers, patching and console	0.2
Subtotal	2.4
Total	3.7

III. PROJECTIONS OF INCOME AND ESTIMATED BUDGET EXPENDITURES FOR THE BIENNIUM 2000-2001

30. The portfolio, delivery and income for 2000 are based on the targets of the divisional business plans. The projected delivery of $620 million is $70 million (13 per cent) higher than the projection for 1999. It will support the continuing expansion in staff and increases in related administrative expenditures. The projected increase takes into account two opposing factors: on the one hand, an upturn in delivery is expected in 2000 as UNOPS recovers from the disruption resulting from the office relocation and from the introduction of IMIS. On the other hand, some negative impact on delivery of the Y2K issue is anticipated. The estimates for 2001 assume continued moderate growth in the UNOPS project portfolio. Delivery targets are set higher to improve the proportion of delivery to portfolio value while income rates remain in line with the projections targets for 2000.

31. Administrative expenditures projected for 2000 reflect the developing business needs as projected in the divisional business plans. The distribution between recurring and non-recurring expenditures is retained in 2000 only for conclusion of the IMIS and Y2K projects. In 2000, it is anticipated that total income will again cover all UNOPS recurring expenditures and make a significant contribution towards covering non-recurring expenditures. Projections for 2001 indicate an amount of income over and above expenditure, which will be the first step towards rebuilding the UNOPS reserve to its required level. Projections for 2000 and 2001 are described in tables 1 and 2.

IV. MOVEMENTS IN THE UNOPS OPERATIONAL RESERVE

32. In the approved budget for the 1998-1999 biennium, it was anticipated that the UNOPS operational reserve would be reduced to a total of $11.2 million, reflecting a rate of 2 per cent of the delivery and income of the prior year rather than the established reserve rate of 4 per cent. Thanks to the efforts made in 1998, which will continue into 1999, the forecast balance of the UNOPS operational reserve will be $19.9 million, i.e., $8.7 million higher than in the approved budget. This projected higher balance at the end of the current biennium equates to a reserve rate of 3.25 per cent, rather than 2 per cent in the approved budget (see table 1).

33. The forecasts for the year 2000 show that while income will exceed recurring expenditures, there will be an amount of non-recurring expenditures that will be charged to the reserve. This will reduce the reserve by $1.5 million to $18.4 million. In 2001, income is projected to exceed total expenditures under the administrative budget by $4.2 million. Consequently, the operational reserve balance at the end of the biennium 2000-2001 is forecast to be $22.6 million, a rate of 3.1 per cent. It is expected that the reserve will be restored to the prescribed level in the biennium 2002-2003.

V. MANAGEMENT SUMMARY

34. The management challenges of the current and next biennium are considerable. To the routine demands of providing project services, the pressures of office relocation, implementation of IMIS and achievement of Y2K compliance have been added. The Executive Director will continue to focus resources and efforts on meeting these challenges in a manner consistent with the needs of UNOPS and its clients. The portfolio, income, budgets, expenditures and extraordinary projects will continue to be monitored and managed on a regular basis so that timely action is taken in accordance with the self-financing principle.

35. As already established in previous budget submissions, should the value of new project budgets accepted during the budget period vary significantly from expectations, decisions will be made to adjust costs, including staff costs, to levels compatible with the best income estimates. Such decisions will be made in full consultation with the MCC and the Executive Director will inform the Executive Board as appropriate.

VI. EXECUTIVE BOARD ACTION

36. The Executive Board may wish to :

1. Take note of the report of the Executive Director on revised budget estimates for the biennium 1998-1999 and budget estimates for the biennium 2000-2001 (DP/1999/39);

2. Approve the revised budget estimates for the 1998-1999 biennium in the amount of $102.6 million;

3. Approve the budget estimates for the 2000-2001 biennium in the amount of $113.8 million;

4. Approve the staffing level as proposed for the biennium 1998-1999, including the relocation of four posts from New York to Rome and of one post from New York to Geneva, and the establishment of the post of Chief of the Division for Special Programme Development at the D-1 level.

Table 1. Projections of project expenditures and income for the bienniums 1998-1999 and 2000-2001 with comparative figures for the biennium ended 31 December 1997
(in millions of dollars)

	1996-1997 Actual	1998-1999 Approved estimates	1998 Actual	1999 Projected	1998-1999 Revised	2000 Projected	2001 Projected	2000-2001 Projected
Delivery	893.9	1 125.0	537.8	550.0	1 087.8	620.0	680.0	1 300.0
Income from implementation of projects	66.7	78.1	43.5	42.9	86.4	48.3	53.0	101.3
Income from "services only"	6.9	10.3	4.1	5.6	9.7	5.6	5.6	11.2
Other income	5.1	2.4	2.4	2.6	5.0	2.0	2.0	4.0
Total income	78.7	90.8	50.0	51.1	101.1	55.9	60.6	116.5
Recurring administrative expenditures	70.3	89.6	40.5	48.1	88.5	54.5	56.4	110.9
Non-recurring administrative expenditures		11.4	1.5	12.6	14.0	2.9		2.9
Total administrative expenditures	70.3	101.0	42.0	60.6	102.6	57.4	56.4	113.8
Unexpended resources and movements on the operational reserve								
Operational reserve brought forward	6.8	20.0	20.0	29.4	20.0	19.9	18.4	19.9
Unexpended resources brought forward	6.2	1.4	1.4		1.4			
Transfer to operational reserve	7.0		8.0		8.0		4.2	2.7
Transfer from operational reserve		(8.8)		(9.5)	(9.5)	(1.5)		
Transfer from unexpended resources		(1.4)						
Unexpended resources carried forward	1.4							
Operational reserve carried forward	20.0	11.2	29.4	19.9	19.9	18.4	22.6	22.6

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Table 2. Revised budget estimates for the biennium 1998-1999 and budget estimates for the biennium 2000-2001
(in thousands of dollars)

	Object of expenditure	Approved estimates 1998-1999	Actual expenditure 1998	Estimated expenditure 1999	Revised estimated expenditure 1998-1999	Estimated expenditure 2000-2001
010	Salaries	28 495	12 044	16 450	28 494	38 118
100	Common staff costs	17 098	6 466	8 775	15 241	19 866
030	Temporary assistance	4 994	2 397	1 793	4 190	3 675
070	Activities of limited duration (ALD)	5 026	2 989	2 480	5 469	5 302
040	Consultants	2 922	1 249	2 620	3 869	7 001
050	Overtime	570	199	286	485	576
180	Training	-	-	701	701	1 878
220	Staff travel	2 804	916	1 423	2 339	3 191
340	System development contracts	915	263	40	303	480
350	Subcontracts	2 133	329	942	1 271	2 539
410	Rent and maintenance	5 360	2 586	2 090	4 676	7 936
420	Utilities	40	24	37	61	395
430	Rent and maintenance of equipment	190	84	101	185	243
440	Communications	2 195	937	908	1 845	1 828
450	Hospitality	60	17	25	42	49
490	Miscellaneous services	828	432	938	1 370	1 856
510	Office supplies	1 392	1 004	331	1 335	580
610	Office furniture and equipment	787	222	482	704	503
620	Microcomputers hardware/software	2 087	1 155	651	1 806	855
	Subtotal	77 896	33 313	41 074	74 387	96 871

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Table 2 (continued)

	Object of expenditure	Approved estimates 1998-1999	Actual expenditure 1998	Estimated expenditure 1999	Revised estimated expenditure 1998-1999	Estimated expenditure 2000-2001
740	Services provided by UNDP Country offices/other United Nations agencies	4 428	2 860	3 132	5 992	6 264
750	Reimbursement to UNDP					
	Services provided by UNDP/OAPR	1 600	813	820	1 633	1 640
	UNDP central support services	4 652	2 628	2 529	5 157	5 058
	United Nations central services	1 000	859	500	1 359	1 100
	Subtotal	11 680	7 160	6 981	14 141	14 062
Information systems project		7 413	1 373	4 023	5 396	2 911
Relocation project		3 966	108	8 541	8 649	
	Subtotal	11 379	1 481	12 564	14 045	2 911
	Grand total	100 955	41 954	60 619	102 573	113 844

Table 3. UNOPS current staffing table

Category/Post level	Total established posts a/	Posts reclassified b/	Additional posts b/	Project related posts c/	Total posts	Posts filled by 100/200/300 series staff	Vacant posts d/	Post grand total
International								
ASG	1	0	0		1	1	0	1
D-2	1	0	0		1	1	0	1
D-1/L-6	14	0	1 e/		15	14	1	15
P-5	35	1	1		37	33	4	37
P-4/L-4	35	8 (1)	3/2		47	44	3	47
P-3	25	1 (9)	5	1	23	14	9	23
P-2/L-2	7	1 (1)	1/1	1	10	7	3	10
Subtotal	118	0	14	2	134	114	20	134
Locally recruited								
Principal level (G7/G6)	74	2	7		83	73	10	83
Other level	153	-2	13		164	122	42	164
Subtotal	227	0	20	0	247	195	52	247
Total	345	0	34	2	381	309	72	381

a/ Executive Board decision 98/20 of 21 September 1998
b/ Since decision 98/20
c/ Posts strictly relating to specific projects
d/ Posts that are indicated as vacant include functions covered by non-staff employment (e.g., temporary assistance) as well as posts under active recruitment
e/ Chief, Division for Special Programmes Development, for which approval is requested in the present report

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